

Labor Trends Report - April, 2002

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## 1. Description of the Labor Sector

Cambodia has an agrarian economy with more than three quarters of the workforce engaged in agriculture. The vast majority of agricultural workers are subsistence rice farmers, many of whom supplement their income with hunting, fishing or part time employment. The United Nations Development Program estimates that 39.5 percent of the population falls below the poverty line, which is defined as the minimum income required to provide 2,100 calories per day and basic items such as clothing and shelter.

Cambodia has experienced very high rates of population growth, averaging 2.9% per year over the past two decades (1980-98), which is now reflected in a labor force increase of about 200,000 people per year. Cambodia's labor force is largely unskilled.

The Cambodian economy was stagnant during the 1980's, and since the establishment of a market economy in 1991 growth has been inconsistent, and averaged only 3.2% per year. According to a 1999 joint Cambodian Government-World Bank poverty assessment, economic growth in the agricultural sector (1% per year) did not keep pace with the increase in population. Thus Cambodia is beginning to experience a significant migration from rural to urban areas, and from labor intensive agriculture to industrial employment.

Industrial workers accounted for only 7.5 percent of the 5.89 million work force in 2000. Of these, an estimated 188,000 Cambodians (roughly 50 percent of the industrial work force) work in the rapidly expanding garment industry. The government places a priority on attracting investment to the agricultural and industrial sectors. Investment in agriculture may improve productivity, but is not likely to create a net increase in employment opportunities. Thus job creation in Cambodia will be linked to the growth of the industrial sector. To date, the government has not been successful in encouraging the growth of new industries, except for garment manufacturing, which is an anomaly created by the availability of export quota for the U.S. market as stipulated by the U.S.-Cambodia Bilateral Textile Agreement (BTA). What happens in the garment industry, however, will likely set the stage for the development of workers rights in other industries.

The Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation (MOSALVY) is responsible for issuing labor regulations, and MOSALVY's labor inspection department is responsible for enforcing the labor law. MOSALVY also chairs Cambodia's tripartite Labor Advisory Committee (LAC), a forum that has been used effectively by employers, workers and the government to discuss and address issues related to labor policy in Cambodia. MOSALVY conducts frequent workplace inspections and mediates workplace disputes. However, the government's enforcement efforts have been hampered by a lack of political will and by confused financial and political relationships with employer and union leaders. The government also suffers from a lack of resources, including trained, experienced labor inspectors, in part because it does not pay staff adequate salaries. Penalties are insignificant and factories frequently defy Ministry orders. An Interministerial Committee has the authority to sanction factories with varying degrees of penalties including the suspension of export privileges. To date, however, only a handful of cases have been brought before this Committee, and MOSALVY continues to routinely refer cases to the courts, where unions complain of corruption, long delays, and inaction. The government has not yet created a labor court system, as required under the Labor Law.

All of Cambodia's labor unions also suffer from a lack of resources, training and experience. As a result, they have so far been unable to form an effective partnership with the government that would ensure that working conditions complied with the high standards envisioned in Cambodia's Labor Law.

The U.S. Embassy estimates that one percent of Cambodia's labor force is organized, or roughly 13 percent of its total industrial workforce. Unionization of the work force is not significant outside the industrial sector, and within the sector it is highly concentrated in the garment industry where roughly 25 percent of all workers knowingly belong to a union. As of January 2002, 27 out of 245 registered labor unions are in industries other than garments. These include two independent tobacco unions, and 14 federation-affiliated unions in the rubber, cement, construction, wood processing, and hotel and beverage industries.

Collectively, Cambodia's nine registered labor federations/national unions boast membership exceeding 130,000. However, these figures seem to represent cumulative, overlapping, out-of-date or entirely fictional information. Nevertheless, union membership continues to grow, and the U.S. Embassy estimates that roughly 50,000 workers in Cambodia are knowingly members of labor unions and, while the majority of Cambodia's unionized labor force is in the garment industry, organizing in other sectors--such as construction, tourism and education--is gaining some momentum.

In July 2001, MOSALVY registered the first non-garment sector federation, a construction sector federation apparently spun off from a traditionally pro-government garment sector federation. Another, independent, construction federation's registration application has faced delays in its approval. In the last year, MOSALVY has also registered three relatively inactive labor federations which tend to follow the government line and do not appear to have democratically elected leadership structures. There is mounting concern among the independent labor federations that the purpose of these new pro-government federations is to usurp their seats and their representation of workers interests on the policy setting Labor Advisory Committee and other fora. Another fear is that all the pro-government federations may choose to create a super-federation in an effort to mitigate the importance of independent federations. One pro-government union sought in 2001 to organize a super-federation to affiliate with the ICFTU. Another disturbing development has been the establishment of an NGO, the Cambodian Labor Solidarity Organization, headed by a MOSALVY official responsible for child labor issues, whose declared purpose is to protect the interests of Cambodian workers from disruption by strike-prone labor unions. The involvement of this organization in several labor disputes in 2001 coincided with the appearance on the scene of hired thugs who threatened strikers with violence.

Most registered garment factory unions now fall under one of eight trade federations/national unions. The level of activity of these garment unions varies widely, but all share in common a low level of competence and maturity, posing a great challenge to effective labor advocacy and collective bargaining. None of Cambodia's labor federations/unions are controlled by or officially affiliated with the government. The five "pro-government" federations, however, consistently align their positions on labor issues with those of the government and, while they do engage in dispute resolution and mediation, rarely, if ever, do they call on members to strike, even in cases in which factories refuse to address clear violations of the law. One national union is linked to, but not controlled by, the opposition Sam Rainsy Party. None of the federations/unions are yet able to support themselves financially on the basis of dues collected from their membership. Profiles of the nine federations/national unions follow:

### **1.1. The Cambodian Federation of Independent Trade Unions (CFITU)**

CFITU is the direct descendant of Cambodia's former communist-era national trade union, but has been formally independent since May 1999. CFITU claims to have over 24,807 members in 56 enterprises, including 48 garment factories. The remainder of CFITU unions are in state-owned or former state-owned rubber, cement and beverage industries, and the Sihanoukville port.

The level of activity of CFITU unions varies considerably from enterprise to enterprise. CFITU has well-established unions in some factories where the workers are aware of the union and participate in its activities. In other enterprises, union awareness seems to be limited to a handful of individuals. CFITU is working to expand its membership, reinvigorate its constituent unions and increase its revenues through the collection of dues. The federation places a priority on preventing its members from participating in labor demonstrations although this has begun to change in the last two years. As one of five members representing labor, CFITU has a strong official voice on labor policy through its seat on the Labor Advisory Committee.

### **1.2. The Cambodian Unions Federation (CUF)**

CUF claims to have over 55,700 members (90 percent of whom work in the garment industry), and unions in 125 garment factories and 7 other enterprises. CUF has 60 unions registered with MOSALVY; CUF also receives funding from the ILO for its cooperation in the ILO's International Program for the Elimination of Child Labor. CUF's president serves as vice-chairman of the LAC, and frequently represents Cambodia's labor movement at international functions. He tends to speak on behalf of the Cambodian labor movement as a whole, though he has no authority to do so. CUF is not one of Cambodia's most assertive labor unions. CUF workers rarely participate in demonstrations and union leaders have publicly downplayed problems in the workplace. The U.S. Embassy has observed that the level of union awareness in CUF factories varies considerably.

### **1.3. The Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC)**

FTUWKC was originally organized as a single national labor union but since early 2000 has begun the process to register factory unions individually with MOSALVY. FTUWKC claims about 23,000 members in 80 factories, including a few hundred members in the shoe industry. FTUWKC has separately registered 45 garment factory unions with MOSALVY. FTUWKC maintains an affiliation with the opposition Sam Rainsy Party. The U.S. Embassy has observed that FTUWKC's leadership maintains close contact with its rank and file, and that the union is highly active in bringing worker grievances to the attention of employers and the government. Some FTUWKC protests have involved violence on the part of demonstrators. However, FTUWKC now appears to be less prone to calling strikes or holding demonstrations than it has in the past -- an indication of the federation's increasing maturity. FTUWKC has also taken a very public role in pressing for improved workers rights in general. In 2000, for example, FTUWKC initiated a successful campaign to increase the minimum wage for garment workers. For 2002, the federation is pushing for a reduction in the workweek from 48 hours to 44. FTUWKC draws considerable criticism from government officials who publicly dismiss FTUWKC's labor activism as mere opposition politics. FTUWKC was officially registered in 1998 after MOSALVY relaxed its rules for trade union registration to allow for unitary national unions. FTUWKC currently holds one of the five seats representing the interests of labor on the LAC.

#### **1.4. The Cambodian Labor Union Federation (CLUF)**

CLUF claims to have about 7000 members in 14 factories, and 11 unions registered with MOSALVY. CLUF is the successor to the Free Unions Federation (FUF), whose then-president was also an investor with garment factory interests, as well as advisor to Cambodia's Prime Minister. In its heyday, FUF claimed to have over 38,000 members in 96 garment factories, but there is little evidence that the union ever existed anywhere other than on paper. Oddly, MOSALVY re-registered the federation under its new name in July 1999, and CLUF elected a new president in January 2000, even though the federation was completely inactive at those times. CLUF's president, Som Aun, comes from a white-collar union of employees of a small real estate company owned by the same investor who created FUF. Embassy cannot determine how CLUF obtains funding.

CLUF's leadership has issued a number of lavishly pro-government public statements in the past, admonishing its members not to participate in labor demonstrations. In the past year, however, CLUF has been involved in several disputes with employers, and has echoed the frustration of independent unions with bad employer practices and poor government enforcement of the Labor Law. It is still unclear if these recent actions mark a shift towards a more independent CLUF. As one of five members representing labor, CLUF has a strong official voice on labor policy through its seat on the Labor Advisory Committee.

#### **1.5. The National Independent Federation of Textile Union in Cambodia (NIFTUC)**

Garment factory workers created NIFTUC as a federation of grassroots labor unions with assistance from the Cambodian Labor Organization (CLO), a local NGO. NIFTUC and four constituent unions officially registered with MOSALVY in August 1999. NIFTUC now claims to have more than 17,000 members in 24 factories, including one shoe factory and two textile factories.

NIFTUC maintains close contact with its rank and file and has been a vocal advocate for its members. NIFTUC has staged several strikes and demonstrations over the past year. Violence occurred during several NIFTUC demonstrations, sometimes initiated by union members. In spite of the high level energy of its members, a shortage of resources has severely limited NIFTUC's effectiveness in advancing the interests of its members. In 2000, the federation was embroiled in a very public dispute with CLO, which began when a NIFTUC factory union allegedly accepted money and other favors from a garment factory manager with whom they had a long-standing dispute.

#### **1.6. Coalition of Cambodia Apparel Workers Democratic Union (CCAWDU)**

During NIFTUC's falling out with CLO, some members of the federation broke away and formed a new federation, CCAWDU, which was formally registered by MOSALVY in July 2001. The federation claims to represent roughly 7,000 workers in 14 affiliated garment industry unions, 11 of which are registered with MOSALVY. CCAWDU maintains close contact with its rank and file, and it has been a vocal advocate for its members and has staged a number of strikes and demonstrations. CCAWDU retains a close relationship with CLO and receives funding through member dues and Oxfam Belgium. The federation joins FTUWKC and NIFTUC as the three most active and independent labor federations in Cambodia. CCAWDU, however, has yet to win election to a seat on the LAC.



### **1.7. Cambodian Workers Labor Federation Union (CWLFU)**

CWLFU was formally registered in May 2001. The federation is led by a garment factory administrator who claims that CWLFU represents more than 4,000 garment factory workers in eight MOSALVY-registered unions. CWLFU leaders admit that the federation's activity is severely hampered by insufficient resources, and during its short history CWLFU has been relatively inactive and silent on issues related to Cambodia's labor policy.

### **1.8. Khmer Youth Federation of Trade Union (KYFTU)**

For reasons that remain unclear, several CFITU affiliated factory unions, led by the husband of a CFITU union leader, broke away from the federation to form KYFTU. MOSALVY formally registered KYFTU in November 2001. The federation claims to have over 16,000 members consisting of 10 unions registered with MOSALVY and another 22 that have applied with MOSALVY to be formally registered. All KYFTU's unions are in garment factories, with the exception of one jewelry fabrication plant union. KYFTU also suffers from a lack of resources, but has become involved in mediating some factory disputes. KYFTU has also joined other federations in calling for the Cambodian government to reduce the number of hours in Cambodia's workweek.

### **1.9. Cambodian Union Federation of Building and Wood Workers (CUFBWW)**

Registered by MOSALVY in July 2001, CUFBWW has roughly 2,100 members and affiliated unions in several cement, brick and plywood factories. CUFBWW is closely affiliated with and depends upon CUF for financial support and office space. CUFBWW leaders claim that a government imposed logging moratorium and decline in overall investment have severely hampered CUFBWW's efforts to attract new member and organize construction workers in Cambodia.

### **1.10. Cambodian Construction Federation Trade Union (CCFTU)**

CCFTU is a federation of independent unions representing construction and temple restoration workers in the Siem Reap/Angkor Wat area. CCFTU claims to have 1,600 members. Unlike CUFBWW, CCFTU has experienced significant delays (over a year) in its continuing efforts to register as a federation with MOSALVY.

### **1.11. Cambodian Independent Teachers' Association (CITA)**

CITA is Cambodia's first association of civil servants to function like a union. Because the Labor Law does not apply to civil servants, the Ministry of Interior registered it essentially as an NGO in 2001. To date CITA has managed to attract just 700 members out of Cambodia's 85,000 civil servant teachers. On two separate occasions, CITA has called on teachers to strike to protest their low salaries, but neither effort has been successful. However, the Cambodian government moved in late 2000 to preempt a threatened CITA strike by increasing all civil servant salaries by 10 percent despite protests from the IMF. Should CITA increase its numbers and effectiveness, it may face yet another challenge in that the laws that govern civil servants are silent on whether their associations can participate in collective bargaining. Although there is no indication that CITA receives direct financial support from the opposition Sam Rainsy Party, the two organizations are clearly linked.

## 1.12. Worker Union for Economic Development (WUED)

This independent labor union was established in February 1998 at the British American Tobacco Factory and it is in the process of registering with MOSALVY as a federation in the food, beverage, hotel and tourism industries. WUED claims to have 1,223 members, mostly within the British American Tobacco Factory. WUED's recent efforts to establish unions in other factories have been stifled by apparent wrongful dismissals of union leaders and other forms of anti-union discrimination.

## 2. Recent Highlights and Developments

Cambodia has made notable progress in the area of workers rights in the past several years. In 1997, Cambodia replaced its communist-style labor code with a highly-detailed, progressive law which guarantees freedom of association and the right to strike, provides for the free registration of labor unions and collective bargaining, and sets a minimum age of employment. However, the Labor Law only covers the formal employment sector (defined as jobs in which there is an employer-employee relationship), which the ILO estimates represents less than 10 percent of the labor force.

Only a small fraction of Cambodia's labor force is organized. However, union activity is significant in the garment industry, which accounted for \$1.119 billion in exports (88% of Cambodia's total exports) in 2001. About 236 garment factories now employ roughly 188,000 workers. Cambodia secured Normal Trade Relations (NTR) status from the United States in 1996, and GSP treatment in 1997. In 1999, Cambodia also signed a ground-breaking three-year textile agreement with the United States linking quota levels to Cambodia's compliance with internationally recognized core labor standards. The U.S. and Cambodia recently renewed the agreement for an additional three years through December 2004. Roughly 71 percent of Cambodian garment exports go to the United States, with the remainder going to Europe. (Cambodia enjoys duty-free and quota-free access to the EU apparel market, but faces quota and duties in the U.S.)

### Key Garment Industry Indicators

|                                          | 1999  | 2000    | 2001    |
|------------------------------------------|-------|---------|---------|
| Total Exports to the US (US\$ millions)  | 653   | 965     | 1120    |
| Total Exports to the EU                  | 138   | 221     | 309     |
| Total Exports to Others (a)              | 0     | 8       | 18      |
| Percentage of total domestic exports (b) | 76    | 86      | 88      |
| Percentage of Nominal GDP (b)            | 21    | 31      | 34      |
| Job Generation (c)                       | 96574 | 122,644 | 188,061 |
| Number of Strikes (c)                    | 76    | 92      | 80      |
| Number of Days Lost due to Strikes (c)   | 100   | 157     | 136     |

Source:

a: Department of Trade Preferences System Department, Ministry of Commerce

b: U.S. Embassy Calculations

c: Garment Manufacturers Association in Cambodia (GMAC)

The Cambodian government has publicly taken a progressive stand on labor rights. Cambodia ratified 7 ILO core conventions in August 1999, and continues to refine its policies and improve implementation of the Labor Law. In late 1998, the Cambodian government liberalized procedures for trade union registration, a step which directly increased the number of officially recognized labor unions. The year 1999 saw the establishment of the tripartite Labor Advisory

Committee (LAC), which has begun performing its legally mandated role to review and approve labor regulations. In July 2000, the LAC exercised its mandate to review minimum wages for the first time, approving the first increase in the minimum wage for workers in the garment and footwear industry since 1997. The LAC met three times in 2001 and agreed to new regulations related to occupational safety and health. In November 2001, MOSALVY established rules for determining which unions have the right to represent workers for the purpose of collective bargaining. The new regulation also provides greater protections from dismissal for union leadership candidates and founding members.

Despite its resource constraints and poor enforcement record, the Cambodian government has been active on the labor front. MOSALVY conducted 1,287 labor inspection visits through the first eleven months of 2001. In July 2000, the Ministry of Commerce and MOSALVY created an Interministerial Committee with the responsibility of reviewing labor-related complaints from various sources, and recommending penalties keyed to the severity of the violation. Penalties can include suspension of export privileges. The Interministerial Committee has considered only a handful of cases, however, and has yet to demonstrate its resolve to ensure labor law compliance through the imposition of appropriate penalties at its disposal.

There were 80 strikes in Cambodia during 2001, accounting for 136 days of lost work, industry-wide. Many strikes were not carried out in accordance with the law. The government has permitted all peaceful labor demonstrations in the past two years, and has shown great restraint even when some demonstrations became violent. The garment industry criticized the government for its passivity when some violence and property damage occurred during labor demonstrations in 2000, 2001 and 2002. Most, but not all, strikes stem from worker complaints that employers do not comply with the labor code. Cambodia's unions have developed the ability to express their grievances in terms of alleged violations of the Labor Law while demonstrating more mature dispute resolution strategies as well greater restraint than in the past. This increasing sophistication reflects the benefits of training provided by the ILO, CLO, and the American Center for International Labor Solidarity (ACILS), which reestablished a presence in Cambodia in 2001.

There is no public social safety net for workers in Cambodia. MOSALVY has drafted legislation to create a national pension, an unemployment insurance system, and a workers compensation scheme. Given the Cambodian government's tight budgetary situation, quick passage and implementation of such legislation is not likely.

### **3. Working Conditions in Cambodia**

#### **Non-discrimination in Employment:**

Working conditions in Cambodia appear to comply with internationally recognized core labor standards pertaining to non-discrimination in employment.

#### **Prohibition of Forced or Bonded Labor:**

Forced or bonded labor is not evident in Cambodia's formal employment sector. Conditions in Cambodia's commercial sex industry however, raise serious concerns about both forced labor and human trafficking. Although no one has done a comprehensive survey of Cambodia's commercial sex industry, the industry is openly thriving and many commercial sex workers are under age. A survey of prostitution, done by a human rights NGO in 1995, indicated that 31 percent of female prostitutes were between the ages of 12 and 17. Half of the girls involved were sold into prostitution by their families and forced to work as prostitutes.



The ILO reports that many rural families allow their daughters to go to the city to jobs described as honest and well paid, which lead in reality to exploitative and/or slavery-like situations. Various levels of the Cambodian government have taken action to rescue under age or trafficked women from prostitution, but do not do so consistently.

#### Prohibition of Exploitative Child Labor:

Accurate information about the prevalence of exploitative child labor in Cambodia is difficult to obtain. The Labor Law establishes 15 years as the minimum age for employment. However, the law permits children between 12 and 15 to engage in "light work" that is not hazardous to their health and does not affect school attendance. However, MOSALVY has not defined what constitutes "light work."

According to the Ministry of Planning, about 17% of children between 5 and 17 are economically active. More than half of these are over 14, and 89% are engaged in agriculture. Only 4% of economically active children are engaged in industrial work. They have been found in brick factories, rubber plantations, plywood factories, salt factories, sawmills and small family enterprises. Child labor is not prevalent in the garment industry.

With assistance from the ILO, MOSALVY has established a child labor unit to investigate and suppress child labor. The Ministry is nevertheless hampered by inadequate resources, staff and training. Cambodia ratified ILO convention 138 (minimum age) in August 1999 and disseminated information about its content to employers. MOSALVY has conducted four workshops to educate members of the National Assembly and Senate regarding convention 182 (worst forms of child labor) and has submitted it to the Council of Ministers for approval before submission to the National Assembly for ratification. Observers report, however, that Cambodia's existing domestic legislation on child labor still does not adequately define what constitutes child labor nor does it establish appropriate penalties and other punitive measures to deter violations. The Labor Law does not cover employment in the informal sector of the economy, for example.

The U.S. Department of Labor has provided funding for a two and half year ILO project aimed at creating greater public awareness about child labor and eradicating child labor in the fishing, rubber and salt industries in three provinces. The child labor eradication project was officially launched in November 2001.

#### Freedom of Association:

The Cambodian Constitution and Labor Code guarantee freedom of association, and workers exercise this freedom. The number of registered labor unions has risen from 20 at the end of 1997 to 236 at the end of 2001. The Labor Law protects workers from discrimination on the basis of union activity. In practice, however, the government does not effectively guarantee such protection. In the garment industry, there is a climate of impunity for factory managers who violate the freedom of association provisions. There continue to be credible reports of anti-union activity on the part of management, including harassment and dismissal of union leaders and members, intimidation of workers, and interference in union formation and union activities.

In November 2001, MOSALVY promulgated new regulations which provide union founding members, candidates for leadership, and leaders themselves with similar protections from dismissal as those provided to shop stewards under the law. The regulation also establishes a democratic process for determining which unions within an enterprise have the right to represent workers for the purpose of collective bargaining – a privilege previously afforded only to shop stewards.

MOSALVY will need to demonstrate greater resolve in its enforcement if these new regulations are to further empower Cambodia's fledgling labor movement. Public sector unions, such as those formed by teachers, face an added challenge in that they are not governed by or protected by the provisions of the Labor Law or the November 2001 regulations. Although they are permitted to organize in the form of an association or NGO, it is not clear if these organizations have the right to engage in collective bargaining.

#### Collective Bargaining:

Because of the weak capacity of Cambodia's labor unions, and the difficulties they have faced in the recent past winning the right to negotiate with management, the practice of collective bargaining has not yet begun in Cambodia on a meaningful scale. The Labor Law allows for collective bargaining, and MOSALVY has registered 20 collective bargaining agreements to date. However, most of these collective agreements between unions and management tend to do little more than reaffirm existing rights under Cambodia's labor law. The November 2001 regulations establish clearly defined procedures for determining which unions within a factory have the right to represent workers for the purpose of collective bargaining.

#### Acceptable Conditions of Work:

Wages in Cambodia are set by market forces, except for civil servants, for whom wages are set by the government. MOSALVY has the right to set the minimum wages regionally based on recommendations by the Labor Advisory Committee. MOSALVY formally exercised this authority for the first time in July 2000, when it approved a \$45/month minimum wage, but this applied only to the garment and footwear sector. Prior to that, minimum wages in the garment industry were enshrined in a memorandum of understanding between the government and the Garment Manufacturers Association. Garment factories mostly observe the minimum wage. There is no minimum wage for any other industry.

Typically, garment workers earn between \$45 and \$100 per month. Prevailing monthly wages in the garment sector and many other professions are insufficient to provide a worker and family with a decent standard of living. Civil service salaries are also far below market levels, requiring government officials to secure outside sources of income. This results in absenteeism, corruption and conflicts of interest.

The Labor Law provides for a standard legal workweek of 48 hours, not to exceed 8 hours per day. The law stipulates time-and-one-half for overtime, and double time if overtime occurs at night, on Sunday or on a holiday. Despite reminders from MOSALVY concerning hours of work, workers in many garment factories complain that overtime is excessive and/or involuntary, or that they are required to work 7 days per week.

The Labor Law states that the workplace should have health and safety standards adequate to ensure workers' well-being. The government has issued several instructions on workplace standards, including two new regulations in 2001 related to occupational safety and health.

The government enforces existing standards inconsistently, in part because it lacks staff, equipment and training. Work-related injury and health problems are common. Conditions in small-scale factories and cottage industries are generally poor and often do not meet international standards. Penalties are specified in the Labor Law but there are no specific provisions to protect workers who complain about unsafe or unhealthy conditions. Workers who remove themselves from unsafe working conditions risk loss of employment.

In January 2001, with funding from the U.S. Department of Labor (DOL), the Cambodian Government and the Garment Manufacturers Association in Cambodia (GMAC), the ILO began a three-year project to monitor working conditions in Cambodia's garment and textile factories. The project issued its first report in November 2001 based on its inspections and evaluation of working conditions at 30 factories. While the report suggested generally acceptable working conditions – including no evidence of child or forced labor or discrimination – it did identify areas for improvement, such as underpaid wages, forced and excessive overtime, and violations of freedom association and anti-union discrimination. The ILO allows all factories that it monitors 90 days to address deficiencies before final individual factory reports are made public.

In January 2002, through funding from DOL, the ILO also initiated a labor dispute resolution project aimed at providing workers and employers a vehicle through which to resolve disputes in the absence of a Labor Court. The project's goals are to establish labor arbitration councils, train workers, employers and government officials in dispute resolution processes, and develop a cadre of mediators and arbitrators of labor disputes.

#### 4. Key Labor Indicators

|                                                                            | 1998   | 1999   | 2000   | Source |
|----------------------------------------------------------------------------|--------|--------|--------|--------|
| Nominal GDP (US\$ millions)                                                | 2,868  | 3,131  | 3,090  | a      |
| Nominal GDP (Cambodian riel billions)                                      | 10,548 | 11,646 | 11,923 | a      |
| Per capita GDP (US\$ millions)                                             | 252    | 268    | 253    | a      |
| Population (millions)                                                      | 11.44  | 11.56  | 12.21  | b      |
| - in major urban areas                                                     | 1.80   | 2.13   | 2.40   | b      |
| Annual population growth (pct.)                                            | 2.49   | 1.10   | 2.27   | c      |
| - male                                                                     | 51.5   | 51.5   | 54.4   | b      |
| - female                                                                   | 55     | 55     | 58.7   | b      |
| Adult literacy rate (pct.)                                                 | 67.3   | 71.2   | 68.2   | b      |
| Labor force (millions)                                                     | 5.12   | 5.54   | 5.40   | b      |
| - male                                                                     | 2.48   | 2.64   | 2.60   | b      |
| - female                                                                   | 2.64   | 2.90   | 2.80   | b      |
| - in industry (pct.)                                                       | 4.3    | 6.4    | 8.3    | b      |
| - in agriculture (pct.)                                                    | 77.5   | 76.5   | 73.7   | b      |
| - in services (pct.)                                                       | 4.3    | 6.4    | 7.0    | b      |
| Unionized labor force (pct. of total)                                      | .1-.2  | .5-.6  | 1.0    | e      |
| - in garment industry (pct. of total)                                      | 5-10   | 10-15  | 22-27  | e      |
| Unemployment rate (pct.)                                                   | 5.3    | 0.6    | 2.5    | f      |
| Underemployment rate (pct.)                                                | n/a    | 6.5    | n/a    | f      |
| Minimum wage rate (US\$/month - applies to garment/footwear industry only) | 40     | 40     | 45     | h      |
| Monthly compensation costs for laborer (US\$)                              |        |        |        |        |
| - clerical                                                                 | n/a    | 150    | 150    | e      |
| - mechanic                                                                 | n/a    | 80     | 80     | e      |
| - commercial assistant                                                     | n/a    | 350    | 350    | e      |
| - Motobike taxi driver                                                     | 60     | 62     | 85     | d      |
| Average hours worked per week                                              | 48     | 48     | 48     | e      |
| Pct. of population below poverty level                                     | 35.9   | 35.9   | 36     | g      |
| Inflation (pct. change in CPI in Cambodian riel)                           | 12.8   | 0.0    | 0.5    | a      |

Source:

a: Ministry of Economy and Finance

b: National Institute of Statistics

c: U.S. Embassy estimate. 1999 population growth understated due to statistical discrepancy.

d: Cambodia Development Resource Institute  
e: U.S. Embassy estimate  
f: National Institute of Statistics. This data is not reliable.  
g: Ministry of Planning Socio-Economic Survey  
h: Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation

## **5. Directory of Labor Organizations**

American Center for International Labor Solidarity  
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